



## West Northants Schools forum: 18 January 2022

### Agenda Item 5

#### West Northamptonshire Council Schools Funding 2022-23

### List of Appendices

#### Appendix A – Summary Finance Model

### Related agenda items

**Agenda item 6 – Disapplication request (top slice) update**

**Agenda item 7 – 2022-23 High Needs Budgets**

**Agenda item 8 – High Needs Block Deficit Recovery Plan**

**Agenda item 9 – 2022-23 Early Years Budgets**

### **1 Purpose of Report**

- 1.1 The report is to update West Northamptonshire Schools forum of the final Dedicated Schools Grant (DSG) funding settlement for 2022-23 and to present the schools budgets following the agreed votes on the schools funding consultation.
- 1.2 Table 1 shows the relevant responsibilities in relation to schools funding formula changes which is taken from the Education and Skills Funding Agency's (ESFA) Schools forum Powers and Responsibilities, published in September 2018.
- 1.3 There are no votes required in relation to this agenda item as relevant votes were completed in December 2021 Schools Forum.

Table 1

	<b>Local Authority</b>	<b>Schools forum</b>	<b>ESFA</b>
Formula change (including redistributions)	Proposes and decides	Must be consulted. Voting is restricted to School Members.	Checks for compliance with regulations
Movement of up to 0.5% from the schools block to other blocks	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
De-delegation for mainstream maintained schools	Proposes	Maintained primary and secondary school member representatives will decide for their phase.	Will adjudicate where schools forum does not agree LA proposal

1.4 Table 1 shows that for the optional parts of the formula, the setting of the schools funding formula continues to be a Local Authority decision in 2022-23 (a “soft” national funding formula).

1.5 The Government continue to move towards a “hard” national schools funding formula and have published the National Funding Formula for Local Authorities and Schools to give an indication of what the Government would fund schools under that “hard” formula. Where affordable with the dedicated schools grant (DSG) allocated, West Northamptonshire council (henceforth “the council”) aims to mirror that National Funding Formula.

1.6 As well as the consultation on changes to the schools funding formula, as in prior years schools forum must also be consulted on the items listed below. For these, the council proposes and the schools forum decides:

- changes to the schools funding formula being proposed as compared to prior year’s local formula
- transfers proposed from the Schools Block and High Needs Block
- de-delegations from the maintained individual schools budgets (ISBs)
- Growth fund budget and policy
- Changes to pupil numbers for new and growing schools (weighted numbers)
- Central expenditure from the schools central services block on a line-by-line basis.

1.7 In addition to the routine consultation topics, the council also consulted with the schools on a number of local policies due to a change from previously held NCC policies or simply to confirm their continuation:

- Permanent Exclusion Clawback Policy
- Split Site Funding within the schools funding formula.

## **2 Background**

2.1 The Secretary of State for Education announced provisional funding allocations for 2022-23 through the schools, high needs and central school services national funding formulae (NFF) on Monday 19 July 2021.

2.2 On Thursday 16 December 2021 the ESFA confirmed the DSG funding allocations for the 2022-23 financial year.

2.3 The ESFA also provided information on the allocation of supplementary funding for mainstream schools worth £1.2 billion nationally in recognition of the Health and Social Care Levy and other cost pressures. Details on how this funding will be allocated, including funding rates and indicative allocations at local-authority level, have been published at:

<https://www.gov.uk/government/publications/schools-supplementary-grant-2022-to-2023>

2.4 Special schools and other providers funded from the high needs block of the DSG will benefit from an additional £325 million in 2022-23, through a top up to the DSG allocations. This is an increase of 4% to the high needs allocations announced in July 2021.

2.5 Again, this extra funding recognises the additional cost to LAs, special schools and alternative provision.

2.6 Table 2 shows the final published allocations for the council.

Table 2 – WNC Final DSG Funding Allocations £m

	<b>Schools Block</b>	<b>High Needs Block</b>	<b>CSSB</b>	<b>Early Years Block</b>	<b>Total</b>
2021/22	301.0	54.2	4.7	25.9	385.8
Provisional 2022/23	309.4	58.5	4.3	25.2	397.4
<b>Final 2022/23</b>	<b>311.7</b>	<b>58.9</b>	<b>4.3</b>	<b>25.6*</b>	<b>400.5</b>
Increase / (decrease) from prior year	10.7	4.7	(0.4)	(0.3)	14.7
% Increase / (decrease) from prior year	3.6%	8.7%	(8.5%)	(1.2%)	3.8%
Supplementary Funding 2022/23	8.6	2.0	0.0	0.0	10.6
Total increase / (decrease) from prior year	19.3	6.7	(0.4)	(0.3)	25.3
Total % Increase / (decrease) from prior year	6.4%	12.4%	(8.5%)	(1.2%)	6.6%

\* Early Years Block section of the final settlement is indicative; the final grant figure is expected to be provided by the ESFA in July 2022.

2.7 Finalised allocations of the schools supplementary grant will be published in spring 2022.

### **3 Financial Overview by DSG Block**

3.1 This section of the report provides the key headlines on the 2022-23 DSG funding announcements on the funding received by the LA by funding block.

### **3.2 Schools Block Funding**

- 3.3 2022-23 is the final year of the three-year school funding settlement that the Secretary of State for Education announced to Parliament on 3 September 2019. Core school funding increased by £2.6bn in 2020-21 and is increasing by £4.8bn and £7.1bn in 2021-22 and 2022-23 respectively, compared to 2019-20.
- 3.4 These allocations are part of the annual funding cycle. They are separate to the education support for recovery in response to the COVID-19 pandemic.
- 3.5 Funding through the schools NFF is increasing by 3.2% overall in 2022-23, and by 2.8% per pupil. The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2022-23 are:
- 3.6 The core factors in the NFF (such as basic per-pupil funding, and funding for additional needs such as deprivation) will increase by 3%.
- 3.7 The funding floor (i.e. minimum funding guarantee) will ensure that every school is allocated at least 2% more pupil-led funding per pupil compared to its indicative 2021-22 NFF allocation (not actual allocation received in 2021-22).
- 3.8 The minimum per pupil funding levels will increase by 2%, compared to 2021-22. This will mean that next year, schools will receive at least £4,265 for primary, £5,321 for KS3 and £5,831 for KS4 pupils.
- 3.9 Support for small and remote schools (through the "sparsity" factor) will receive a further increase. In 2022-23 the additional funding that such schools can attract is rising to up to £55,000 for primary schools, and up to £80,000 for secondary schools – in both cases, a £10,000 increase from 2021-22. Government is also moving to using road distances instead of straight-line distances when measuring a school's remoteness. This will significantly increase the number of schools attracting this funding. As a result, the funding allocated nationally through the sparsity factor in the NFF is increasing from £42 million in 2021-22 to £95 million in 2022-23.
- 3.10 The primary unit of funding (PUF) increases from £4,400.43 in 2021-22 to £4,537.50 in 2022-23. The secondary unit of funding (SUF) increases from £5,626.35 in 2021-22 to £5,768.90 in 2022-23.
- 3.11 Table 3 shows the increase in the value of the primary unit of funding and the secondary unit funding for 2022-23.

**Table 3**

	<b>2021-22 £</b>	<b>2022-23 £</b>	<b>2022-23 Uplift £</b>	<b>2022-23 Uplift %</b>
<b>Primary Unit Funding (PUF)</b>	4,400.43	4,537.55	137.12	3.11%
<b>Secondary Unit Funding (SUF)</b>	5,626.35	5,768.93	142.58	2.53%

- 3.12 In addition to the PUF and SUF funding approximately 5% of the schools block funding provided is for premises factors (PFI, rates, split sites) and approximately 0.8% is growth. The NFF uses the 2021-22 budget for rates for its calculations and for 2022-23 the school rates have been held at 2021-22 levels (except for VOA revaluations).
- 3.13 Within the modelling of 2022-23 using the provisional settlement we assumed a growth figure of £2.18m (as the NFF provisional value does not include the growth). The growth figure confirmed in the final December 2021 DSG announcement was £2.21m. The figures shown in appendix A compare the modelling of the schools budgets from the provisional settlement (as provided with the schools budget consultation) with the modelling of budgets using the December settlement. These are indicative until the ESFA reviews and approves the budget which we will submit to them on the 21 January 2022. They are therefore subject to change. Final budgets will be published in February 2022.
- 3.14 The supplementary funding for schools announced by Government following the December settlement is not included in the indicative budgets provided in Appendix A. This is additional and as per paragraph 2.7 allocations per school will be provided to us by the ESFA in Spring term 2022.
- 3.15 High Needs Block**
- 3.16 The increase in the High Needs Block represents the authority's share of the £780 million national increase for 2022-23. WNC's High Needs Block is increasing by £4.7 million from 2021-22 which is the minimum guaranteed increase per head of population (8%) with some authorities seeing gains of up to 11%. Given the uplift and high needs pressures, the authority will not be seeking to continue to jointly fund the early years SEND children in nursery provision. WNC will not be requesting a block transfer from high needs to early years in 2022-23.
- 3.17 As discussed and agreed in the December 2021 Schools Forum, the council was not seeking to transfer 0.5% from the schools block to high needs block to cover the general overspend, as it has done so in previous years but instead sought a top slice to fund specialist support services of £2.1m (approx. 0.68%) which schools forum endorsed, which now requires ESFA approval. If the ESFA does not agree to the proposal, despite schools forum agreement, then the council must pursue the 0.5% top slice to fund part of the overspend (see also agenda item 6).
- 3.18 Central Schools Services Block (CSSB)**
- 3.19 Central school services block funds local authorities for the ongoing responsibilities they continue to have for all schools. The national funding for ongoing responsibilities is £284 million in 2022-23. The Central School Services Block (CSSB) comprises two elements, ongoing responsibilities and historic commitments. Ongoing responsibilities include the former retained duties element of the Education Services Grant and is funded on a per pupil allocation and deprivation factor.
- 3.20 The ongoing responsibilities element for WNC is provisionally increasing by £0.11m to £2.08m million as the formula used to calculate the funding allocation.

- 3.21 The historical responsibilities element for WNC is provisionally decreasing by £0.55m to £2.18m. This Government started to reduce this funding in 2020-21 to withdraw this funding, over time with 20% reduction per year, based on the historic commitments local authorities entered into before 2013-14.
- 3.22 This reduction leaves a funding gap of £0.44m against the expenditure requirement even after a review of service efficiencies and disinvestments in 2021-22 which will be met through the WNC general fund £0.4m (proposal in budget).
- 3.23 The ongoing reductions total £0.4m in 23-24 and £0.3m in 24-25 which are also currently forecast in the WNC general fund medium term financial plan.
- 3.24 Early Years Block**
- 3.25 During normal circumstances, the DfE announce the early years national increases for the separate funding elements; 3&4 year old, 2 year old, disability access fund (DAF), early years pupil premium (EYPP) and early years maintained nursery setting supplement (EYMNS), for the coming year directly after the Government budget announcement in October. However, due to covid 19, this was delayed by a month and this was received on 25 November 2021.
- 3.26 Early Years Block DSG is calculated based on the number of hours children are taking up during census week, January 2022 (first 5 months of 2022-23) and January 2023 (for last 7 months of 2022-23). If a provider does not compete the censuses, the service does not receive funding for those children and we should not be funding that setting.
- 3.27 The Schools and Early Years Regulations 2018, (Regulation 22) require Local Authorities to ensure that from April 2018 at least 95% of the hourly funding rate for 3&4 year olds allocated by the DfE is passed on to providers through the formula, or other funding paid directly to providers. The DfE monitor this requirement through the WNC annual s251 budget returns.
- 3.28 WNC are due to receive an increase of 21p in the base rate, per hour for 2 year old funded places and 17p for 3&4 year old funded places.
- 3.29 Table 4 outlines the rates following the funding announcement.

Table 4 – 2022-23 Early Years Funding provided to WNC

	2021-22 £	2022-23 £	Change £	Change %
2 year old base rate per hour	5.41	5.62	0.21	3.9
Universal and Extended Entitlement for 3&4 year olds per hour	4.49	4.66	0.17	3.8
Early Years Pupil Premium (EYPP) per hour	0.53	0.60	0.07	13.2
Disability Access Fund (DAF)	615.00*	800.00	185.00	30.0
Maintained Nursery Settings protection per hour	4.57	4.73	0.16	3.47

\*per eligible child, per year

3.30 Agenda item 9 provides the detail on the Early Years consultation and proposed budgets and rates for providers.

### 3.31 Key Changes 2022-23

- Key change to the schools National Funding Formula in 2022 to 2023 are: increases in sparsity rates and broadening of the tapering to include more schools, and increase of 3% basic entitlement and per pupil formula factors.
- the minimum funding guarantee is 2%, the minimum per pupil levels are £4,265, £5,321 and £5,831 for primary, KS3 and KS4 respectively.
- There are increases to the early years funding to be received by WNC of 17p per 3&4 year old part time equivalents (PTEs), 21p increase on 2 year old PTEs and 3% increase on the Maintained Nursery School protection rate.

## 4 Financial implications

Table 5: Funding comparison between 2021-22 and 2022-23 DSG

WNC Funding	£m
<b>DSG 2022-23 for WNC</b>	<b>400.5</b>
2021-22 DSG Grant	385.8
Schools Block	10.7
High Needs Block	4.7
Early Years Block	(0.3)*
Central Schools Services Block	(0.4)
Increase in 2022-23 £m	14.7
% Increase	3.8%

\* Early Years Block section of the final settlement is indicative; the final grant figure is expected to be provided by the ESFA in July 2022.

## **5 Legal implications**

5.1 There are no legal implications arising from the proposals.

## **6 Recommendations for schools forum**

6.1 That schools forum note the final funding settlement and schools budgets for 2022-23.

## **7 Next Steps**

7.1 WNC Cabinet has approved delegated authority to the Executive Director of Children's Services (DCS) to determine the DSG 2022-23 schools funding formula, high needs funding arrangements and the early years funding formula in line with DfE guidance.

7.2 The schools budgets as approved by the DCS will be submitted to the ESFA on 21 January 2022.

7.3 If ministerial approval for the top slice of £2.1m (0.68%) is not granted, the LA will default to the 0.5% transfer from the schools block to the high needs block as per the December 2021 forum papers. A formal vote for completeness is required (agenda item 6). Schools budgets will be updated accordingly.

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